BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE JUNE 22, 1999

IN RE:)	
)	
PETITION OF BELLSOUTH)	
TELECOMMUNICATIONS, INC. FOR)	DOCKET NO. 97-01399
APPROVAL OF AN INTRALATA TOLL)	
DIALING PARITY IMPLEMENTATION PLAN)	

ORDER APPROVING BELLSOUTH TELECOMMUNICATIONS, INC.'S SECOND REVISED INTRALATA TOLL DIALING PARITY PLAN

This matter came before the Tennessee Regulatory Authority (the "Authority") at the commencement of a Hearing in this matter on February 8, 1999, at which time the Directors considered the Report and Recommendation of the Pre-Hearing Officer and BellSouth Telecommunications, Inc.'s Second Revised IntraLATA Toll Dialing Parity Plan both filed with the Authority on February 5, 1999.

Travel of the Case

This docket was initiated by the filing of a petition by BellSouth Telecommunications, Inc. ("BellSouth") on August 8, 1997, for approval of an intraLATA toll dialing parity implementation plan. On August 10, 1998, BellSouth filed an amendment to its original petition. Intervention status was granted to AT&T Communications of the South Central States, Inc. ("AT&T"), MCI Telecommunications Corporation ("MCI"), Telecommunications Resellers Association, Sprint, NEXTLINK Tennessee, ("NEXTLINK"), the Consumer Advocate Division

of the Office of the Attorney General, ("Consumer Advocate"), and Time Warner Communications of the Mid-South, L.P. ("Time Warner"). To facilitate this docket moving forward, a Pre-Hearing Conference was held on November 5, 1998. At that Pre-Hearing Conference, the parties agreed to a list of twelve (12) issues that needed to be resolved in this proceeding. A threshold issue was developed for consideration by the Directors prior to the submission of testimony on the remaining issues. The threshold issue (Issue A) addressed whether BellSouth was required to implement intraLATA toll dialing parity by February 8, 1999. The parties submitted legal briefs on Issue A.

At a Special Conference held on December 8, 1998, the Directors determined that BellSouth was not required to implement an intraLATA toll dialing parity plan in Tennessee by February 8, 1999, unless ordered by the Authority to do so.² Notwithstanding that decision, the Directors explicitly instructed BellSouth to proceed to have its system ready to operate in the event that the Authority ordered that a plan be implemented on February 8, 1999, or shortly thereafter.

A Status Conference was held in this docket on December 8, 1998, immediately following the Directors' decision on Issue A. At that Status Conference, BellSouth agreed to resolve issues C, K, and L through briefs. As to the remaining issues, B, D, E, F, G, H, I and J, BellSouth requested that it be afforded the opportunity to review pre-filed testimony and report back to the Authority as to whether any of those issues could be resolved without the need for a

¹ The list of proposed issues was incorporated in the Pre-Hearing Officer's Report and Recommendation filed on December 4, 1998 and was approved, along with that Report, by the Authority at a Special Conference held on December 8, 1998.

² See Order Approving Report and Recommendation of Pre-Hearing Officer and Reflecting Authority's Decision on Issue A entered on February 23, 1999.

hearing. The parties filed briefs and reply briefs as to Issues C, K, and L, and pre-filed testimony in accordance with the schedule developed at the December 8th Status Conference. On January 8, 1999, BellSouth filed a letter with the Authority setting forth its position that four (4) issues necessitated a hearing by the Authority. As to the remaining issues, BellSouth stated that there was "substantial agreement among the parties" and proposed that the Authority convene a workshop for the purpose of developing a joint stipulation by the parties.

In his Report and Recommendation concerning the Status Conference held on December 8, 1999, the Pre-Hearing Officer recommended that the Authority proceed to set a hearing date in this matter. At a regularly scheduled Authority Conference held on January 19, 1999, the Directors approved the Report and Recommendation and set the hearing in this case for February 10 and 11, 1999. Subsequently, a Pre-Hearing Conference was scheduled to be held on February 5, 1999, for the purpose of assisting the parties in developing a joint stipulation as to the remaining issues.

On January 25, 1999, the United States Supreme Court issued its decision in AT&T Corp. et al. v. Iowa Utilities Board et al.³ The Pre-Hearing Officer issued a Report and Recommendation on January 28, 1999, in light of the United States Supreme Court's decision,

³ AT&T Corp. et al. v. Iowa Utilities Board et al., 119 S.Ct. 721, 142 L.Ed.2d 835 (January 25, 1999). In this decision, the Supreme Court reversed an Eighth Circuit Court of Appeals' decision and held that the Federal Communications Commission (FCC) had the authority under the federal Telecommunications Act of 1996 (the "Act") to promulgate rules governing intrastate matters in implementing the Act. The FCC rules upheld by the Supreme Court included requirements for ordering the state-wide implementation of intraLATA toll dialing parity plans. The reinstated FCC rule (§51.211) provides as follows:

⁽a) A LEC that does not begin providing in-region, interLATA or in-region, interstate toll services in a state before February 8, 1999, must implement intraLATA and interLATA toll dialing parity throughout that state on *February 8*, 1999 or an earlier date as the state may determine, consistent with section 271(e)(2)(b) of the Communications Act of 1934, as amended, to be in the public interest. (Emphasis supplied) Title 47, Part 51 of the Code of Federal Regulations.

recommending that the Authority proceed immediately to hold a hearing on the remaining unresolved issues in order that the BellSouth toll dialing parity plan be implemented on February 8, 1999, or as soon as possible thereafter. The Pre-Hearing Officer recommended that the hearing in this case be moved up two (2) days from February 10 to February 8, 1999, and also recommended that the Pre-Hearing Conference scheduled for February 5, 1999, proceed as scheduled for the purpose of resolving through joint stipulation as many of the remaining issues as possible prior to the hearing. The Authority sent a revised Notice to the parties on January 28, 1999, re-setting the date for hearing in this case as February 8, 1999, pending consideration of the Pre-Hearing Officer's Report and Recommendation.

On January 27, 1999, after issuance of the U.S. Supreme Court's decision in the *Iowa Utilities* case, AT&T filed an Emergency Motion to Reconsider the Authority's decision on Issue A. The Authority scheduled AT&T's Emergency Motion for consideration at a regularly scheduled Authority Conference held on February 2, 1999. At that Conference, prior to consideration of the Emergency Motion, counsel for AT&T and for BellSouth announced that they had come to an agreement as to the terms and conditions of BellSouth's intraLATA toll dialing parity plan. The Directors requested that the parties submit the proposed agreement in writing to the Authority by the close of business on February 3, 1999. Further, the Directors discussed the fact that the proposed agreement could be reviewed at the Pre-Hearing Conference to be held on February 5, 1999, and that, based on the progress made at the Pre-Hearing Conference, the Pre-Hearing Officer could submit a recommendation to the Authority on the

⁴ As a result of the agreement announced by the parties, the Authority took no action on AT&T's Emergency Motion.

proposed agreement which would be considered by the Directors on February 8, 1999. The necessity of a hearing would be determined by the action taken by the Directors concerning the proposed agreement on February 8, 1999. On February 3, 1999, AT&T and BellSouth filed their proposed agreement with the Authority and served copies on all parties.

BellSouth's IntraLATA Toll Dialing Parity Plan

At the Pre-Hearing Conference held on February 5, 1999, BellSouth presented a revised IntraLATA Toll Dialing Parity Plan ("Revised Plan") which it had prepared based upon the proposed agreement and upon further discussions with the parties to the docket. All of the parties in attendance at the Pre-Hearing Conference acknowledged that they had received and reviewed a copy of the Revised Plan prior to the Pre-Hearing Conference. Only the Consumer Advocate voiced an objection to the Revised Plan and that objection went to the Section IV. Carrier Selection Procedures: New Installation Customers. The Consumer Advocate asserted that rather than stating in the Revised Plan that discussion guidelines would be provided to customer contact representatives, BellSouth should set forth the text of those discussion guidelines as a part of the Revised Plan. No other party expressed an objection to the language used by BellSouth in the Revised Plan.

During the February 5th Conference, the Pre-Hearing Officer proposed two changes to the Revised Plan. The first change would amend the last sentence in Section IV. *Carrier Selection Procedures: New Installation Customers* to include a requirement that customers be notified that they would not be automatically defaulted to a carrier if they had not selected a carrier and that they would be required to dial an access code to place intraLATA toll calls until they made an affirmative choice for an intraLATA toll carrier. The second change required BellSouth to add a

Section X in which BellSouth would affirmatively state that it would comply with all applicable rules of the Federal Communications Commission and the Tennessee Regulatory Authority. BellSouth agreed to the recommended changes and filed a Second Revised IntraLATA Toll Dialing Parity Plan on February 5, 1999.

At the Pre-Hearing Conference, the parties were advised by the Pre-Hearing Officer that BellSouth's IntraLATA Toll Dialing Parity Plan would be submitted to the Directors at the commencement of the Hearing on Monday, February 8, 1999, at 8:00 a.m. for their consideration. The parties were advised to have attorneys and witnesses present on February 8, 1999, in the event that the Directors had questions concerning any part of the proposed plan.

The Pre-Hearing Officer issued a Report and Recommendation on February 5, 1999, in which he recommended that BellSouth's IntraLATA Toll Dialing Parity Plan, as reflected in the Second Revised Plan filed on February 5, 1999, be approved by the Authority for implementation on February 8, 1999. A copy of BellSouth's Second Revised Plan was attached to the Report and Recommendation.

On February 8, 1999, the Authority called to order the Hearing in this case. The following appearances were entered:

BellSouth Telecommunications, Inc. ("BellSouth") - Guy Hicks, Esquire, and Kip Edenfield, Esquire, 333 Commerce Street, Suite 2101, Nashville, TN 37201;

AT&T Communications of the South Central States, Inc. ("AT&T") - James P. Lamoureux, Esquire, 1200 Peachtree St., NE, Atlanta, GA 30309;

MCI/WorldCom - Jon E. Hastings, Esquire, Boult, Cummings, Conners & Berry, 414 Union St., #1600, P. O. Box 198062, Nashville, TN 37219-8062;

Sprint Communications - Carolyn Tatum Roddy, Esquire, 3100 Cumberland Circle, N0802, Atlanta, GA 30339;

NEXTLINK TN, L.L.C. - Dana Shaffer, Esquire, 105 Malloy Street, Nashville, TN 37201;

Time Warner Communications of the Mid South, L.P. - Charles B. Welch, Jr., Esquire, Farris, Mathews, Gilman, Branan & Hellen, PLC, 511 Union Street, Suite 2400, Nashville, TN 37219;

Consumer Advocate Division, Office of the Attorney General - Vance L. Broemel, Esquire, 426 5th Avenue, N., 2nd Floor, Nashville, TN 37243;

At the beginning of the Hearing, the Directors considered the Pre-Hearing Officer's Report and Recommendation issued on February 5, 1999. Following presentation of the Report and Recommendation and, hearing no objection from the parties, the Directors voted unanimously to approve and adopt BellSouth's Second Revised Plan.

IT IS THEREFORE ORDERED THAT:

- (1) The Second Revised IntraLATA Toll Dialing Parity Plan filed by BellSouth Telecommunications, Inc., a copy of which is attached to this Order as Exhibit A, is approved and incorporated in this Order as if fully rewritten herein.
- (2) As set forth in the Second Revised Plan, BellSouth Telecommunications, Inc. shall implement all elements of its IntraLATA Toll Dialing Parity Plan on February 8, 1999.
- (3) Any party aggrieved with the Authority's decision in this matter may file a Petition for Reconsideration with the Authority within ten (10) days of the date of this Order.

(4) Any party aggrieved with the Authority's decision in this matter has the right to judicial review by filing a Petition for Review in the Tennessee Court of Appeals, Middle Section, within sixty (60) days of the date of this Order.

CHAIRMAN MELVIN J. MALONE

DIRECTOR H. LYNN GREER, JR

DIRECTOR SARA KYLE

ATTEST:

EXECUTIVE SECRETARY



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OFFICE OF THE EXECUTIVE SECRETARY

VIA HAND DELIVERY

David Waddell, Executive Secretary Tennessee Regulatory Authority 460 James Robertson Parkway Nashville, TN 37238

Re: Petition of BellSouth Telecommunications, Inc. for Approval of an IntraLATA Toll

Dialing Parity Implementation Plan

Docket No. 97-01399

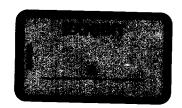
Dear Mr. Waddell:

Enclosed are the original and thirteen copies of BellSouth Telecommunications, Inc.'s Second Revised IntraLATA Toll Dialing Parity Plan. Copies of the enclosed are being provided to counsel of record for all parties.

Very truly yours,

Guy M. Hicks

GMH:ch Enclosure



Petition of BellSouth Telecommunications, Inc.
For Approval of an IntraLATA Toll Dialing
Parity Implementation Plan

~ SECOND REVISED ~

IntraLATA Toll Dialing Parity Plan

February 8, 1999 Implementation Date

BellSouth Telecommunications, Inc. Tennessee

February 3, 1999

I. Purpose

BellSouth Telecommunication, Inc. (BellSouth) has described herein the process for implementing intraLATA toll dialing parity in the BellSouth exchanges located in the state of Tennessee. The intent of this Plan is to provide a proposal that, upon implementation, would provide customers the ability to select the telecommunications carrier of their choice for routing their intraLATA toll calls.

II. IntraLATA Environment

BellSouth customers in Tennessee in the BellSouth area can currently dial an access code to complete intraLATA toll calls to another carrier. After implementation of the intraLATA toll dialing plan, customers will be able to subscribe to the carrier of their choice for intraLATA as well as interLATA service (two-PIC subscription capability). Customers will dial 1+ the area code and number to complete calls using their subscribed carrier. If customers wish to complete a call using a carrier other than their subscribed carrier, they will need to dial the carrier's access code.

Each end office switch will be equipped with the capability of allowing each end user subscriber to select "no-PIC" as a valid intraLATA subscription selection. Customers selecting "no-PIC" as their subscribed carrier will not be able to make intraLATA toll calls on a 1+ or 0+ dialed basis. Such customer will need to dial an access code each time he or she makes an intraLATA call.

In 1992, toll-free intraLATA county-wide calling was initiated for BellSouth via an order from the Tennessee Public Service Commission. BellSouth currently maintains tax-code billing tables to identify "free county-wide" intraLATA toll calls originated by BellSouth intraLATA toll customers and to ensure that billing does not occur on these calls. BellSouth will continue to process toll-free intraLATA county-wide calls in this manner for its intraLATA toll customers after implementation of intraLATA toll dialing.

III. Implementation Schedule

BellSouth will provide intraLATA toll dialing parity in Tennessee on February 8, 1999.

IV. Carrier Selection Procedures

BellSouth will implement the full Two-PIC (Primary Interexchange Carrier) carrier selection methodology. With the full two-PIC methodology, customers will be able to subscribe to one telecommunications carrier for interLATA toll calls and subscribe to the same or a different participating telecommunications carrier,

including BellSouth, for all intraLATA toll calls. Orders for changes will be accepted and processed beginning on the implementation date.

BellSouth employees who communicate with the public, accept customer orders, and serve in customer service capacities will be trained to explain to customers the process for making PIC changes for intraLATA toll calls. Business Office personnel and the Customer Account Records Exchange (CARE) system will be prepared to make changes in customer records based upon requests from customers or carriers and direct customers to their chosen intraLATA carriers. Processes will be in place to provide new customers with an opportunity to choose their intraLATA toll carrier from a list of available carriers.

Existing Customers

Currently, BellSouth is the only subscribed intraLATA toll provider for existing customers in BellSouth's local exchange area. On February 8, 1999, customers may subscribe to BellSouth or any telecommunications carrier offering intraLATA toll service in their exchange. Customers will remain with BellSouth until they affirmatively choose an intraLATA toll carrier. Customers may make this selection through their own initiative or as a result of the promotional marketing activities of participating intraLATA toll telecommunications carriers. Customers may communicate their choice of carriers to BellSouth directly or through their selected carriers.

Customers will be assessed a cost-based PIC change charge for changing their intraLATA carrier at a rate of \$1.49. When customers request a simultaneous change to the same carrier for their interLATA and intraLATA service, BellSouth will assess one PIC charge out of the interLATA tariff and a reduced rate out of the intraLATA tariff. The reduced rate intraLATA PIC charge will be \$.45. Two full PIC change charges (an interLATA charge and an intraLATA charge) will be assessed if different carriers are chosen.

A charge will be established for unauthorized PIC changes submitted by carriers to BellSouth for end-user customers (slamming). BellSouth also allows carriers to subscribe to an expedited PIC switchback service ("EPSS"). EPSS provides an expedited method of handling disputed intraLATA PIC changes for end users. If an end user disputes a change in its intraLATA PIC, and the IC participates in EPSS, the end user or location provider or its authorized agent will be returned to its former intraLATA carrier. If the end user specifically requests, an investigation will be conducted and the appropriate slamming charges will apply.

New Installation Customers

BellSouth customer contact representatives will be provided discussion guidelines that will provide a new customer with the following information:

- 1. Inform the customer that a choice of intraLATA toll providers is now available to him or her.
- 2. Offer to read the customer a list of available carriers in randomly generated order.
- 3. Advise the customer that various carriers provide intraLATA toll service and that BellSouth is one of those carriers.

Customers who do not make a positive choice for an intraLATA toll carrier will be notified that they will not be automatically defaulted to a carrier and will be required to dial an access code to place intraLATA toll calls until they make an affirmative choice for an intraLATA toll carrier.

PIC Charge Waiver Period

Customers will be given a period of ninety (90) days within which to make one change of their preferred carrier at no cost to the customer. This waiver period will begin on February 8,1999. The costs associated with this waiver will be recovered through the general cost recovery mechanism.

V. Customer Education/Notification

At the time of implementation, February 8, 1999, the TRA will issue a press release announcing the availability of intraLATA 1+ subscription. This press release will announce the opportunity to choose a primary intraLATA carriers and explain the 90 day waiver period from February 8, 1999 to May 8, 1999.

BellSouth will notify all existing end users via a bill message and a bill insert regarding intraLATA subscription implementation and explain their opportunity to select an intraLATA carrier. The wording of the customer notification includes an explanation of the PIC change charge waiver period and is shown as Exhibit A. Customer telephone directories will be updated as new editions are published to reflect the opportunity for customers to choose an intraLATA toll carrier. After implementation, all new customers will be advised of intraLATA availability and requested to make an intraLATA carrier selection.

VI Carrier Notification

Current interexchange carriers will be notified of BellSouth intraLATA toll dialing parity implementation via letter at implementation. Carriers that currently participate in interLATA toll will be assumed to be participants in the intraLATA toll

market. Certified carriers who enter the market after implementation will be added to the list of participating carriers within 30 days of notifying BellSouth.

BellSouth offers BellSouth Listed Name and Address and BellSouth Change Activity Register services for the purpose of assisting the carrier's marketing efforts in connection with marketing their telecommunications services. BellSouth Listed Name and Address service provides a list of customers available for subscription within BellSouth central offices. The database is updated monthly.

BellSouth Change Activity Register service provides the carrier a list of customer change activity on end users not subscribed to the ordering IC. Information is provided on a daily basis.

VII. Calls Not Subject to Subscription

The following calls are not impacted by intraLATA toll dialing parity because they are dealt with through proceedings concerning new alternate local exchange carriers: 911, 411, N11, Local Repair, 0-, and local 0+ calls.

The following calls are not impacted by intraLATA toll dialing parity: HNPA 555-1212, and calls using 500, 700, 800, 888 and 900.

VIII. Cost Recovery

In accordance with 51.215 of FCC Order 96-333, CC Docket No. 96-98, cost recovery for the incremental cost of dialing parity; specific switch software, any necessary hardware and signaling system upgrades, and customer education costs that are strictly necessary to implement dialing parity, will be implemented in a competitively neutral manner across all providers of telephone exchange service and telephone toll service in the area served by BellSouth. Incremental costs will be recovered from all carriers through a rate element based upon originating intrastate switched access minutes of use (MOUs) during the 5 year cost recovery period. BellSouth will participate based on Toll conversation MOUs that will be equated to originating intrastate switched access MOUs. Attached, as Exhibit B, is a detailed explanation of the Cost Recovery methodology. An annual true-up will be conducted and reported to the TRA.

IX. IntraLATA PIC Freeze Moratorium

BellSouth will adhere to the TRA slamming rules and will place a moratorium on intraLATA PIC freezes for 180 days that will expire on August 6, 1999.

X. Statement of Compliance

BellSouth will comply with all rules of the FCC and the TRA.

Exhibit A

Bill Message

"BellSouth implemented local toll 1+ subscription service on February 8, 1999. You are now able to choose a local toll provider. BellSouth will continue to provide this service for you or you may select another carrier. You may select the same provider as your long distance service or you may select a different provider for each service. Your first selection prior to May 8, 1999 will be free."

Bill Insert

IMPORTANT NOTICE ABOUT LOCAL TOLL SERVICE

"As of February 8, 1999, you are now able to choose your provider of "1+" local toll service. Currently, local toll calls dialed as "1+ ten digit" calls are handled by BellSouth. This change allows you to remain with BellSouth or select a different long distance carrier for local toll calls. Please refer to the information pages in the front of your BellSouth telephone directory under "Long Distance – Calling Area" for a description of your local toll calling area.

If you would like to select a different carrier for your "1+" local toll service, you should contact that company. No action is necessary to keep BellSouth as your provider for these local toll calls.

From February 8, 1999 until May 8, 1999, you will be able to change your local toll carrier one time without charge. There may be a charge for each subsequent change you make in local toll companies."

Exhibit B

TENNESSEE METHODOLOGY FOR RECOVERY OF COSTS ASSOCIATED WITH IMPLEMENTATION OF INTRALATA SUBSCRIPTION

CALCULATION OF INITIAL EQUAL ACCESS RATE ELEMENT

Step 1: Identify the total incremental costs directly attributable to the provisioning of IntraLATA Subscription.

\$

- Step 2: For most recent twelve month period, identify total FGD Originating intrastate switched access:
- Step 3: For most recent twelve month period, identify BellSouth Toll Conversation MOUs. Convert to equivalent Access MOUs using a 1.1 conversion factor:
- Step 4: Sum the Total FGD Switched Access MOUs and BellSouth converted Access MOUs identified in Step 2 and Step 3. Assume constant demand for the 5 year cost recovery period and calculate the Present Worth of the 5 years of demand:
- Step 5: Calculate a cost recovery rate by dividing amount in Step 1 by the Present Worth of Access MOUs in Step 4:

\$0.000181

ANNUAL TRUE-UP OF EQUAL ACCESS RATE ELEMENT

Repeat Steps 1 through 5 and calculate an updated access rate element by dividing amount in Step 1, adjusted by the previous year/years cost recovery (including IXC and BST), by the Present Worth of the remaining years demand in the cost recovery process.

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CERTIFICATE OF SERVICE

I hereby certify that on February 5, 1999, a copy of the foregoing document was served on the parties of record, via hand delivery or U.S. Mail, postage-prepaid, addressed as follows:

Richard Collier, Esquire Tennessee Regulatory Authority 460 James Robertson Parkway Nashville, TN 37243-0500

Jon E. Hastings, Esquire Boult, Cummings, et al. P. O. Box 198062 Nashville, TN 37219-8062

James P. Lamoureux AT&T 1200 Peachtree St., NE, #4068 Atlanta, GA 30367

Carolyn Tatum Roddy, Esquire Sprint Communications 3100 Cumberland Circle, N0802 Atlanta, GA 30339

Andrew O. Isar, Esquire Telecommunications Resellers Association 4312 92nd Ave., NW Gig Harbor, WA 98335 Vincent Williams Consumer Advocate Division 426 Fifth Ave., N., 2nd Fl. Nashville, TN 37243-0500

Dana Shaffer, Esquire Nextlink 105 Malloy Street, #300 Nashville, TN 37201

Henry Walker, Esquire Boult, Cummings, et al. P. O. Box 198062 Nashville, TN 37219-8062

